**Promissory Notes Activity**

**1.)** You are planning on opening a new Olive Garden location in Waukee. What credit options might you use from financial institution and explain what they will be used for. Be specific in your responses and you will typically use more than one but not necessarily all 5. For those you did not use, explain why they would not be the right option for you.

**Commercial Real Estate**

**Business Loan**

**Line of Credit**

**Credit Card**

**Terms of Sale**

**2.)** For the financial scenarios below involving promissory notes solve the following pieces of information. Use the Bank Rate calculators to help solve for the loans. [http://www.bankrate.com/calculators.aspx.](http://www.bankrate.com/calculators.aspx)

**Your task is to determine for each promissory note scenario the following:**

**-** Total Amount of Interest for the loan.

- Maturity Values

- Monthly Payment(s)

* **Your company has a $5,000 line of credit, and for the month you borrowed $3,000 for some remodeling done for the bathrooms. At the end of the month you are able to pay off your entire balance owed. Your financial institution charges you an APR of 3.0%.**

Total Amount of Interest for the loan =

Maturity Value =

Monthly Payment =

* **Your business needed to borrow $25,000 to pay for the merchandise your business needed to open the store. The financial institution you chose for the loan charges a 4.5% APR for a 4 year term. You will make installment payments over the 4 year term.**

Total Amount of Interest for the loan =

Maturity Value =

Monthly Payment =

Maturity Date =

* **On the same loan, if you made a one-time payment each year of $2,000 on June 1, how would that change the:**

Total Amount of Interest for the loan =

Maturity Value =

Maturity Date =

What is the difference between the maturity values of the two ways to pay back the loan?

* **Your new restaurant will cost $250,000 for the construction of the building. The financial institution requires a 20% down payment and the remaining amount you will borrow and will be paid in installments over a 15 year term with a 4.75% APR.**

Total Amount of Interest for the loan =

Maturity Value =

Monthly Payment =

Maturity Date =

* **On the same loan, if you made a payment every month $200 above the original monthly payment how would that change the:**

Total Amount of Interest for the loan =

Maturity Value =

Monthly Payment =

Maturity Date =

What is the difference between the maturity values of the two ways to pay back the loan?